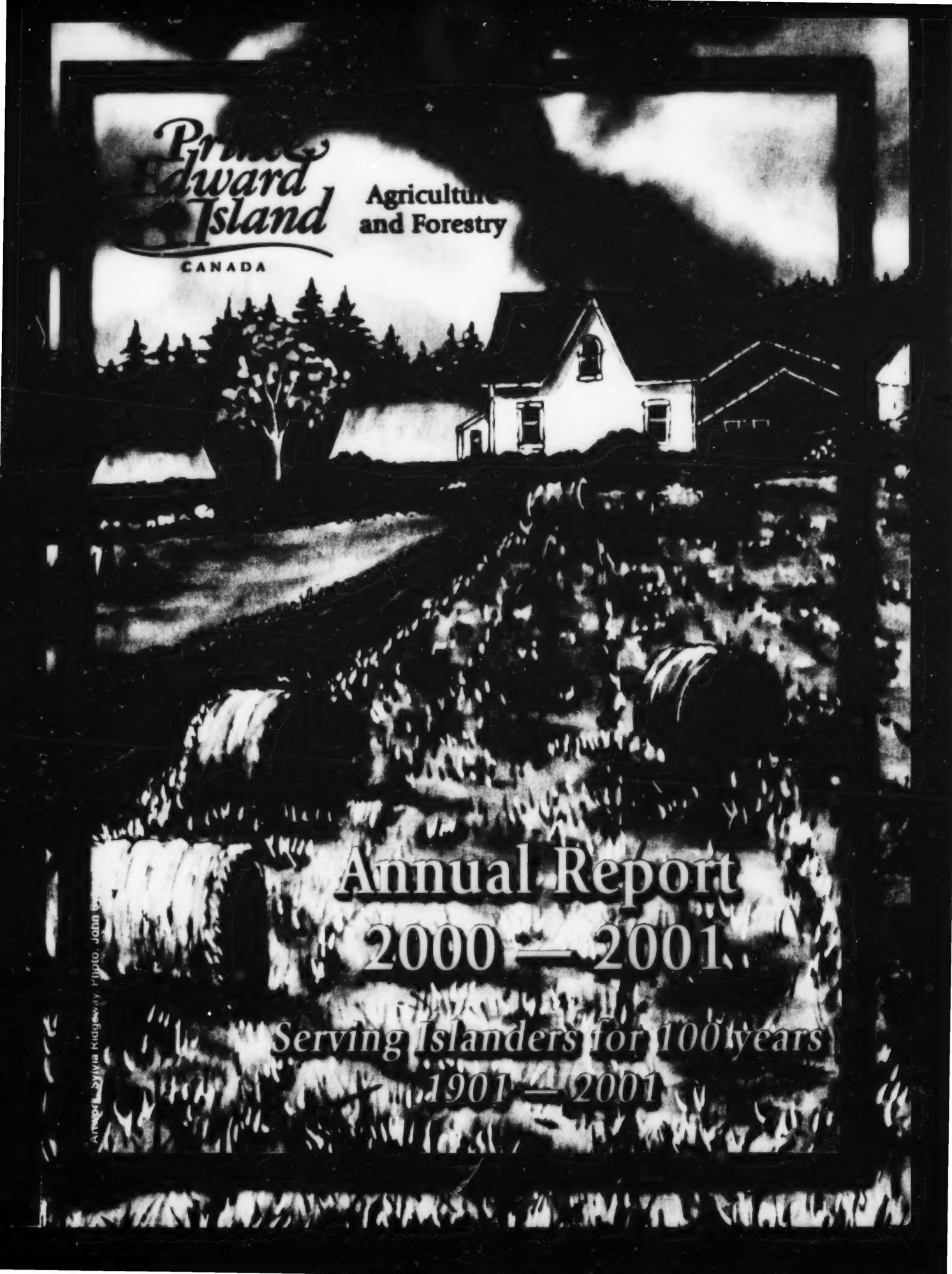

Prince Edward Island
CANADA
Agriculture and Forestry
Annual Report
2000 — 2001
Serving Islanders for 100 years
1901 — 2001

102-04587/

Prince Edward Island Department of Agriculture and Forestry

Annual Report 2000-2001

The mandate for the department is "to contribute to economic and community development throughout Prince Edward Island by promoting the continued operation and growth of successful, sustainable farming and forestry businesses, and promoting quality in Island primary products."

MISSION

The areas in which it is critical for the Department of Agriculture and Forestry to have acceptable results are:

- Quality of advice assistance and information to clients in:
  - production management
  - product quality
  - business and financial management
  - environmentally sustainable management practices
  - processing, marketing and business opportunities*
  - resource management and conflict resolution
  - occupational health and safety
  - industry leadership and organizational development
- Fairness, equitability and quality of department programs and services
- Client satisfaction
- Quality of monitoring of department results and client results
- Influence on decisions of other governments and agencies affecting department clients
- Cost effectiveness and the condition of the department's finances
- Impact on stability of primary resource sector income in response to market and environmental influences
- Impact of department programs and services on the quality of the environment and on the health and safety of people
- Quality of legislation and its enforcement
- State of Crown lands and assets
- Staff morale
- Occupational health, safety and welfare of staff
- Public satisfaction with the department
- Relationships with suppliers, contractors and other agencies

** Except to the extent that another agency is charged with specific responsibility.*

Prince Edward Island Department of Agriculture and Forestry
Charlottetown, 2000

To the Honourable Gilbert Clements
Lieutenant Governor of Prince Edward Island

Sir:
I have the honour to submit herewith the 2000 Annual Report of the Department of Agriculture and Forestry.

I have the honour to be , Sir
Your obedient servant,

Mitch Murphy.

Mitchell Murphy, Minister
Agriculture and Forestry

To the Honourable Mitch Murphy
Minister of Agriculture and Forestry

Sir:

I am pleased to submit this report of activities of the Department of Agriculture and Forestry for the fiscal year ending March 31, 2001, along with the year-end budget summary.

During the past year, the reorganization of the department was completed. The reorganization was aimed at improving the delivery of services and programs, increasing the effectiveness of extension services, and better realigning the department to implement initiatives under the Food Strategy. An industry-led organization, with representatives from the major commodities, food processors, the fishing industry, food service operators and tourism, with provincial government representatives, was established to provide direction and coordination to the Food Strategy.

Francophone Affairs was added to the department in May of 2000 following a government-wide reorganization.

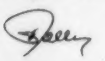
A new Federal-Provincial Framework Agreement on Agricultural Risk Management Programs became effective in April of 2000. This agreement, which ends in 2003, reflects the need for effective agricultural safety net programs.

One major focus of the department over the past year was directed to improving the productivity and sustainability of the province's land resources. Financial and technical assistance was provided in support of strengthening production practices and standards. Tree seedling production was increased to help increase the level of reforestation on potato and government-owned lands. In addition, the establishment of a province-wide system of Provincial Forests was proclaimed.

The budget of the department was increased significantly in support of the potato industry during the potato wart crisis. In cooperation with the industry and the federal government, a potato diversion program was established at a cost of some $15 million to the department.

The department continues to respond to the short and long-term needs of the agriculture and forest industries, and strives to provide leadership to maintain and improve their competitive position and their growing contributions to the provincial economy.

Respectfully submitted,



Paul Jelley
Deputy Minister

Rapport annuel soumis au ministre de l'Agriculture
et des Forêts,
monsieur Mitch Murphy

Monsieur,

Je suis heureux de vous soumettre le présent rapport des activités du ministère de l'Agriculture et des Forêts pour l'exercice financier se terminant le 31 mars 2001, lequel est accompagné du sommaire budgétaire de la fin de l'exercice.

Au cours du dernier exercice, la réorganisation du ministère a été complétée. Elle visait à améliorer la prestation des services et des programmes, à augmenter l'efficacité des services de diffusion externe et à mieux orienter le ministère afin de mettre en œuvre les initiatives prises dans le cadre de la stratégie alimentaire. Une organisation pilotée par l'industrie – dotée de représentants des principaux produits agricoles, des entreprises de transformation des produits alimentaires, de l'industrie de la pêche, des concessionnaires alimentaires – s'est mise en place pour assurer la direction et la coordination de la stratégie alimentaire.

Les Affaires francophones se sont jointes au ministère en mai 2000 à la suite d'une réorganisation de tout le gouvernement.

Une nouvelle Entente cadre fédérale provinciale sur les programmes de gestion des risques agricoles est entrée en vigueur en avril 2000. Cette entente, qui se termine en 2003, est un reflet du besoin de programmes agissant comme des filets de sécurité efficaces dans le domaine de l'agriculture.

Au cours de l'exercice passé, le ministère a accordé une importance particulière à l'amélioration de la productivité et de la durabilité des ressources en terres de la province. Un aide financière et technique a été accordée afin de renforcer les pratiques et les normes de production. La production de semis d'arbres a augmenté afin d'aider à améliorer le niveau de reboisement sur les terres à pommes de terre et les terres appartenant au gouvernement. De plus, on a annoncé la mise en place d'un réseau de forêts provinciales sur toute l'Île.

Le budget du ministère a été fortement augmenté pour supporter l'industrie de la pomme de terre durant la crise de la galle verruqueuse. Grâce à une association de l'industrie et du gouvernement fédéral, un programme de réaffectation des excédents a été créé au coût de quelque 15 millions de dollars pour le ministère.

Le ministère continue de répondre aux besoins à court et à long terme des industries agricole et forestière, et il s'efforce de jouer un rôle de leader pour maintenir et améliorer leur position concurrentielle et leur contribution croissante à l'économie provinciale.

Le tout respectueusement soumis,

Le sous-ministre,
Paul Jelley

2000 IN REVIEW

Farm cash receipts in Prince Edward Island declined to $318 million in 2000 as the province's most important crop, potatoes, was devastated by the detection of potato wart in a corner of one small field late in the year. Exports of seed and tablestock to the United States were banned, and exports to other Canadian provinces were restricted on a voluntary basis by the industry. An extensive soil testing program carried out by the department in cooperation with the industry and the Canadian Food Inspection Agency confirmed that the potato wart was confined to that one small area. Nonetheless, the ban on exports to the United States was still in effect as of March 31, 2001.

A major potato diversion program was undertaken by the federal and provincial governments, involving some six million hundredweight. Potatoes were spread on fields during the cold winter months or shipped to food banks across Canada. Ironically, the quality of the 2000 potato crop was considered as one of the best ever for the province.

The livestock sector rebounded, with higher receipts from beef and hogs. A new Atlantic Tender Beef Classic brand was introduced in cooperation with other maritime provinces producers, packers and a regional retailer. Prince Edward Island supplied up to 90 percent of the requirements under the program, which improved the market for local beef, providing significant economic benefits to the province and the region. The dairy industry faced an additional challenge as Prince Edward Island accepted a panel ruling under an interprovincial trade agreement allowing imports of milk products from Nova Scotia.

The industry continued to grow and diversify. Blueberry production reached an all-time record high of 5.5 million pounds, while broccoli and cauliflower production and processing saw a significant increase.

The year was marked by good growing conditions, although a wet fall impeded the harvest.

Forest production of sawlogs reached 219,000 m^3. Fuelwood accounted for 140,000 m^3, while energy chips and miscellaneous products were 40,000 m^3 and 5,000 m^3 respectively. The estimated value of shipments of forest products increased to $54.8 million.

During the year, the province's largest sawmill operation changed ownership, and additional investments were made by the new owners. The mill accounts for approximately two-thirds of the market for the Island's forest harvest.

No agreement was reached on a Code of Practice for harvest contractors, and there are continued concerns about high harvest levels and the level of reforestation. Tree seedling production was increased to three million for reforestation on public and private lands.

Bilan de l'année 2000

Les rentrées de fonds des fermes de l'Île-du-Prince-Édouard ont chuté à 318 millions de dollars en 2000, étant donné que la récolte la plus importante de la province, celle des pommes de terre, a été ruinée par la détection de la galle verruqueuse dans le coin d'un petit champ, tard durant l'année. Les exportations de semences et de pommes de terre de table vers les Etats-Unis ont été supprimées, et les exportations vers les autres provinces canadiennes se sont limitées au gré de l'industrie. Puis, le ministère, en collaboration avec l'industrie et l'Agence canadienne d'inspection des aliments, a procédé à un vaste programme d'analyse des sols qui a confirmé que la galle verruqueuse était confinée au seul petit champ en question. Néanmoins, l'interdiction sur les exportations vers les Etats-Unis était toujours maintenue au 31 mars.

Un important programme de résorption des excédents de pommes de terre a été entrepris par les gouvernements fédéral et provincial, lequel programme mettait en cause six millions de quintaux de pommes de terre. Ironiquement, la qualité de la récolte de pommes de terre en 2000 a été jugée comme l'une des meilleurs qu'ait connue la province.

Le secteur du bétail s'est redressé, avec de meilleurs encaissements pour le porc et le bœuf. Une nouvelle marque *Atlantic Tender Beef Classic* a été introduite en collaboration avec d'autres producteurs, empaqueteurs et un détaillant régional des provinces maritimes. L'Île-du-Prince-Édouard a souscrit à 90 pour cent des exigences prévues par le programme, lequel a élargi le marché du bœuf local en fournissant des avantages économiques appréciables à la province et à la région. L'industrie laitière a dû faire face à un autre défi alors que l'Île-du-Prince-Édouard a accepté la décision d'un groupe d'experts qui avait été rendue en vertu d'une entente commerciale interprovinciale permettant d'importer des produits laitiers de la Nouvelle-Écosse.

L'industrie a poursuivi sa croissance et sa diversification. La production de bleuets a atteint un sommet jamais égalé, s'élevant à 5,5 millions de livres, tandis que la production de brocoli et de chou-fleur, et leur transformation, a connu une augmentation substantielle.

L'année a été marquée par de bonnes conditions de croissance, même si un automne pluvieux a entravé la récolte.

La production forestière de billes de sciage a atteint 219 000 m^3, alors que celle du bois de chauffage représentait 140 000 m^3, et celle des copeaux d'énergie et des produits divers atteignait respectivement 40 000 m^3 et 5 000 m^3. Par ailleurs, l'estimation des envois de produits forestiers a augmenté pour atteindre 54,8 millions de dollars.

Au cours de l'année, la plus grande exploitation de scierie de la province a changé de propriétaire, et les nouveaux propriétaires ont investi des sommes supplémentaires. La scierie représente environ les deux tiers du marché de la récolte forestière de l'Île.

Aucune entente n'a été conclue sur un code de pratiques applicable aux entrepreneurs affectés à la récolte, et les hauts niveaux de récolte et le niveau de reboisement sont toujours des sujets de préoccupation. La production de semis d'arbres a augmenté pour atteindre trois millions qui ont été affectés au reboisement des terres publiques et privées.

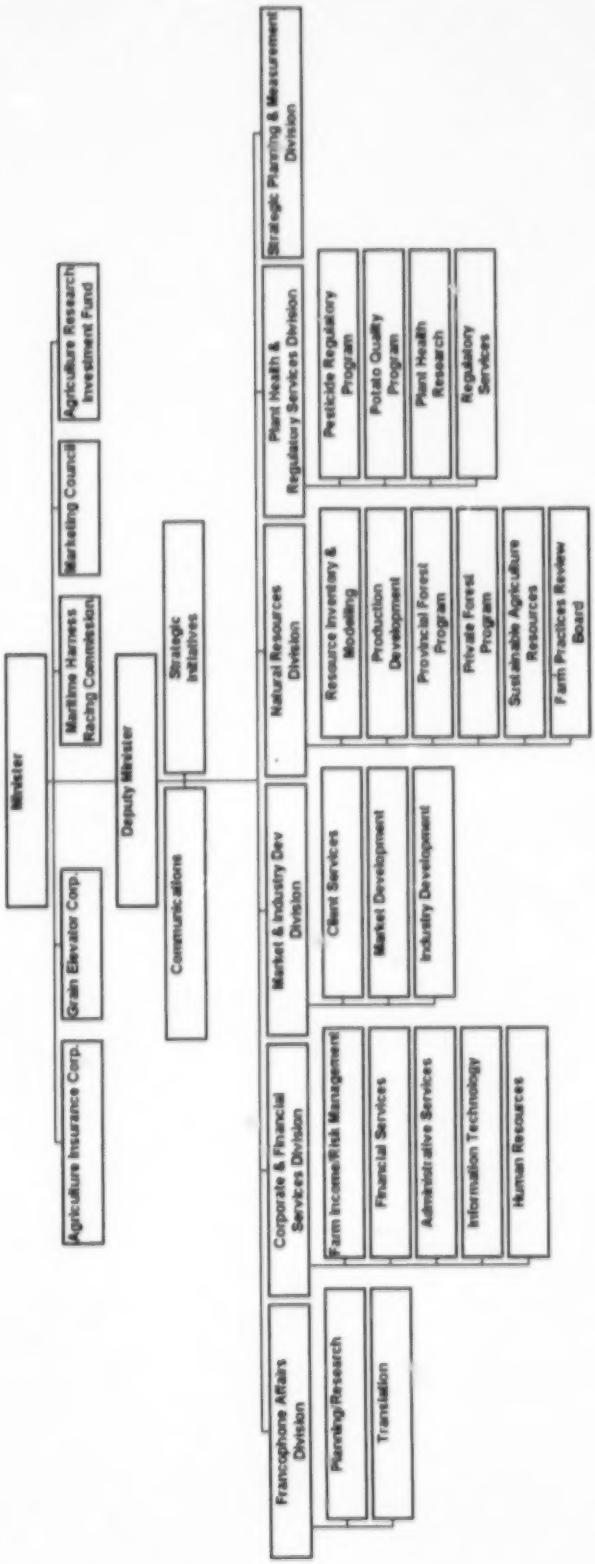
Ministry of Agriculture and Forestry Acts

The Department is responsible for the administration of the following Acts:

Acadian Purchase Trust Act (Francophone Affairs)
Agricultural Insurance Act
Agricultural Products Standards Act
Agrologists Act
Animal Health and Protection Act
Apiary Inspection Act
Artificial Insemination Act
Dairy Industry Act
Dairy Producers Act
Dog Act
Farm Implement Act
Farm Practices Act
Fences and Detention of Stray Livestock Act
Forest Management Act
French Language Services Act (Francophone Affairs)
Grain Elevators Corporation Act
Livestock Community Auction Sales Act
Maritime Provinces Harness Racing Commission Act
Natural Products Marketing Act
Pesticides Control Act
Plant Health Act
Potato Lien Act (when proclaimed)
Poultry and Poultry Products Act
Veterinary Profession Act
Weed Control Act
Women's Institute Act

Prince Edward Island Department of Agriculture and Forestry

Organizational Chart



Introduction

The department is forecasting to meet its financial objectives for the year and remain within budget. At the same time, it has ensured that resources are directed to areas of high priority that assist in improving or maintaining identified results.

2000-2001 Actual Expenditures and Revenue

Division	Original Budget	Revised Budget	Actual Expenditure/ Revenue
EXPENDITURE BUDGET			
Corporate and Financial Services	$6,678,300	$8,330,900	$8,872,977
Strategic Planning & Measurement	673,800	649,300	593,045
Natural Resources Division	5,247,100	7,960,800	7,379,051
Market and Industry Development	8,063,200	8,056,000	7,557,230
Plant Health and Regulatory Services	1,733,600	26,153,600	26,448,532
Francophone Affairs	453,400	602,500	658,107
TOTAL	22,849,400	51,753,100	51,508,942
REVENUE BUDGET			
Corporate and Financial Services	312,200	823,500	1,217,540
Strategic Planning & Measurement	0	0	0
Natural Resources Division	738,100	1,876,800	1,826,143
Market and Industry Development	1,204,100	1,204,100	635,417
Plant Health and Regulatory Services	279,300	366,500	418,745
Francophone Affairs	212,900	366,500	418,745
Total	2,746,600	18,150,200	17,717,233
TOTAL NET	$20,102,800	$33,602,900	$33,791,709

Based on Financial Reports dated August 30/2001

During the 2000/01 fiscal year the department's expenditure budget was increased by $28.9M by way of approved special warrants, with an offsetting revenue budget increase of $15.4M.

This increased budget requirement was primarily in response to the potato wart crisis ($24.7M, with offsetting federal revenue of $13.4M); increased expenditures related to the Agriculture Safety Nets/Seed Potato Strategy ($2M); and, additional funding to support the Agriculture and Environmental Resource Conservation (AERC) Program ($2.25M).

Corporate and Financial Services Division

The Corporate and Financial Services Division provides financial, human resource, information technology (IT), and administrative services to departmental personnel in the areas of:

- financial management
- corporate IT management
- personnel administration
- human resource development
- administrative support services

Farm safety net programs are also administered by the Farm Income Risk Management section of the division.

Human Resources, Finance and Administration Section

The department's structural reorganization which began in January 2000 was completed in the fall of 2000 and resulted in the formation of six divisions. An additional division joined the department on May 1, 2000 when Francophone Affairs became part of the department following a government-wide reorganization that affected several departments. Staff recruitment continued at a fast pace as new positions were advertised and other positions became vacant because of staff retirements and considerable staff movement within the organization.

During the previous year government had begun a process called "casual conversion" in which a number of long-term temporary positions were made permanent across all departments. This process was completed in this department with the appointment of a total of thirty-one (31) full and part-time employees. The completion of this process and the departmental reorganization both contributed to a significant increase in the workload related to the payroll process and the maintenance of the leave system.

The department continued its commitment to employee development in order to meet organizational, staff, and client needs in a professional and timely manner. Employees participated in various levels of post-secondary degree and certificate programs as well as a wide range of short courses. Financial resources

Human Resources

were allocated for preparatory training and the writing of exams for a number of staff engaged in obtaining the certified crop advisor designation.

Staff Mobility

Division	Appointments	Temporary Assignments /Acting	Retirements	Reclassifications	Total
Corporate and Financial Services	1	4	1	0	6
Strategic Planning and Measurement	2	0	0	0	2
Market and Industry Development	16	6	3	3	25
Natural Resources	11	11	2	5	28
Francophone Affairs	0	4	0	0	4
Plant Health and Regulatory Services	3	1	0	1	4
TOTAL	33	26	6	9	69

POSITION ESTABLISHMENT (as of March 31,2001)

	Full Time	Part Time	Total
Corporate and Financial Services	23	4	27
Strategic Planning and Measurement	8	0	8
Market and Industry Development	62	6	68
Natural Resources	41	32	73
Francophone Affairs	7	0	7
Plant Health and Regulatory Services	15	7	22
Minister's Office	5	0	5
TOTAL	161	49	210

In addition to the above established permanent positions, the department employed 143 casual employees and twenty-three (23) students.

Financial Services

The Financial Services unit continues to assist departmental leaders and other personnel with the budget process and regular financial reviews. As well, this unit has the overall responsibility for the accounts payable and accounts receivable functions of the department including financial claiming activities under federal-provincial agreements. On-going support is also provided to departmental users of the ORACLE Financial Information System.

Administrative Services

The Administrative Services section serves the department's needs by providing advice, assistance and departmental co-ordination in the areas of risk management; vehicle fleet management; telecommunications system administration; contract management and reporting requirements; accommodation requirements; records management activities; and the provision of reception and courier services.

Farm Income Risk Management Section

The Farm Income Risk Management Section supports Prince Edward Island agriculture through the delivery and funding of agricultural safety net programs. The 2000/01 year was the first year of a three year federal/provincial framework agreement on agricultural risk management. This agreement includes a cost sharing formula, in which the federal government will contribute 1.5 times the provincial contribution, up to the maximum allowable within the federal safety net envelope. The package of programs, which is intended to assist in reducing the impact of unpredictable income reductions for individual farmers, consists of:

- Basic Net Income Stabilization Account (NISA)
- Enhanced NISA
- Crop Insurance Yield Guarantee Program
- Crop Insurance Bacterial Ring Rot Protection Plan
- Agricultural Income Disaster Assistance (AIDA) Program (which is being replaced with the Canadian Farm Income Program (CFIP) effective for the 2000 claim year.)
- Seed Potato Incentive Program
- Seed Potato Virus Reduction Program

The need for effective agricultural safety net programs continues to be as big as ever. A new Federal-Provincial Framework Agreement on Agricultural Risk Management Programs was signed early in the year to be in effect from April 2000 to March 2003. This agreement stipulates cost sharing arrangements and the criteria that have to be met by risk management programs for cost sharing eligibility. The department continued to consult with the industry to obtain input on the type of companion programs that should be considered for the next two years of the agreement.

Circumstances beyond our control to a large extent, determined priorities for program development. Continued cash flow shortages on cash crop farms resulted in Agriculture and Agri-Food Canada offering a new Spring Cash Advance program for two years. This program is an extension of the Fall Cash Advance Program but provides access to interest free operating cash. The program also requires cross compliance with the crop insurance program.

The province responded to a concern about high virus levels in Island seed potatoes by developing a program to improve the quality of Island seed potatoes and to reduce the financial risk due to decertification. This program resulted in improvements in the Elite Seed Potato Crop Insurance Plan and also required cross compliance with crop insurance.

Finally the Commodity Diversification Risk Protection Plan was discontinued for broccoli and cauliflower as both crops are now covered under the regular crop insurance plan. The overall impact on crop insurance was a significant increase in enrollment and insured value.

Canada and the provinces also reached agreement to replace the Agricultural Income Disaster Assistance (AIDA) program with an updated version for the 2000 taxation or claim year. In Prince Edward Island this program, called the Canadian Farm Income Program (CFIP), will be delivered by the province through the Agricultural Insurance Corporation. Applications were made available early

Results Achieved in 2000-01

in 2001 and a number of applications were processed by March 31.

The discovery of potato wart in one Island location in October 2000 and the subsequent impact on market access and producer income will determine program priority for the next year or so. Because of the relative size of the potato sector within the province, this will have significant impact on program cost.

CROP INSURANCE PROGRAM Yield Guarantee						
Crop Year	Farms (#)	Contracts (#)	Acres (#)	Coverage ($)	Premiums ($)	Indemnities ($)
2000/01*	335	886	66,985	37,773,815	2,770,575	2,677,564
*Elite seed***	*108*	*300*	*6,977*	*11,850,007*	*1,127,464*	*1,602,176*
(incl. above)						
1999/00	194	477	45,627	35,853,391	2,188,217	2,519,035
1998/99	176	396	37,721	25,099,340	1,486,431	1,706,544
1997/98	151	344	26,665	23,969,615	2,171,834	822,607
1996/97	147	370	25,518	21,015,561	2,038,515	1,946,898
1995/96	163	379	24,037	23,730,283	2,212,617	1,482,610
1994/95	155	369	22,867	22,629,486	2,462,432	1,990,495

* Not all claims were settled by the end of the year.

** This represents the Prince Edward Island Seed Potato Virus Reduction Program which subsidized the producer's share of the premium by another $395,164.

Note: The province and Canada each contribute 25 percent of the Crop Insurance Premiums.

BACTERIAL RING ROT PROTECTION					
Year	Number of Farms	Potato Acres Insured	Insured Value	Premiums ($)	Indemnities ($)
2000/01	9	2,759	$389,973	$19,499	0
1999/00	12	3,578	$505,286	$25,264	0
1998/99	21	5,249	$677,508	$33,875	0
1997/98	21	3,659	$614,950	$30,071	0
1996/97	36	8,121	$1,014,563	$50,628	$54,319
1995/96	52	11,214	$1,424,432	$71,243	0

Note: Prince Edward Island Department of Agriculture and Forestry contributed 33 percent of the Bacterial Ring Rot Protection Premiums

2000/2001 SEED POTATO INCENTIVE PROGRAM			
Variety	Participants	Acres Enrolled	Payment Made
Russet Burbank	18	369.2	$221,642
Shepody	31	1,064.4	$638,539
TOTAL	49	1,433.6	$860,181

AGRICULTURAL INCOME DISASTER ASSISTANCE (AIDA)				
Fiscal Period	Amount Paid	Claim Year or Taxation Year	Eligible Producers	Average Payment
2000-01	$4,756,168	1999*	245252	$27,578
1999/00	$8,506,644	1998		$24,941
1998/99	$79,076			
TOTAL	$13,041,888	AIDA 98 and 99	497	$26,241

* Payments are cost shared 60 percent by Canada and 40 percent by Prince Edward Island and may be prorated if demand exceeds the budgeted amount. For the 1999 claim year Canada has only paid 48 percent and is withholding the remaining 12 percent pending final uptake and cost of the program.

NET INCOME STABILIZATION ACCOUNT				
Year	(#)	Provincial Contribution	Withdrawals by Producers	Account Balances
2000/01	**888**	**$2,686,024**	**$10,624,194**	**$47,634,097**
1999/00	862	$2,671,162	$7,618,444	$41,257,786
1998/99	816	$2,331,105	$8,795,028	$33,846,019
1997/98	745	$2,042,700	$4,149,699	$28,029,100
1996/97	707	$1,873,700	$1,476,72.	$19,523,000
1995/96	638	$ 790,000	$ 510,765	$ 9,658,000

Provincial contribution is two percent of Eligible Net Sales (one percent for 1994) plus our share of the interest bonus. Canada contributes two times the amount the province contributes to NISA annually.

Note: Figures from previous years may be adjusted.

Information Technology Services Section

Information Technology Services Section

The Information Technology Section continues to assist the various divisions and sections of the department by providing cost effective, efficient mechanisms through which information can be managed and programs and services can be delivered to clients.

The World Wide Web continues to grow in importance as one of the primary tools for the dissemination of information to departmental staff and clients. This past year has witnessed the growth of the department's internet and intranet web sites which are utilized by both agriculture and forest industry clients as well

as department staff. As well, an Agriculture and Forestry Information Centre web site was developed for staff and external client use.

The IT section operates and maintains three local area networks (LANs) which are located at 5th floor Jones Building, the Research Station, and the Upton Road Forestry office. Network service and connectivity are provided to approximately 170 workstations with the assistance of the government wide area network (WAN). Mini LANs, located in the Wellington and Southampton Forestry offices and in Potato Services in Kensington, were able to connect to the WAN and subsequently to applications on 5th floor Jones Building and the Research Station via high speed internet.

To keep abreast with ever changing technology, 50 computer systems as well as the PEIFS21 file server were replaced and core software is currently being upgraded to provide the latest in IT services.

The application development staff have been very busy this year with knowledge transfer; training of new staff; maintenance and upgrades for existing systems; and with the design and development of new applications. System development, as well as upgrading current applications, require system analysis and design; database modifications which may entail the creation, deletion or manipulation of tables; migration and conversion of existing data from previous versions to the currently used software version; the creation of new data entry screens, reports, and selection criteria screens; the establishment of access levels with respect to security; data links; and the scheduling of backup procedures.

Strategic Planning and Measurement Division

The division is committed to improving the quality of advice, assistance and information primarily to internal clients which includes the minister, the deputy minister and other department staff. External clients include staff from other provincial government departments, federal agricultural and forestry staff, industry organizations and the public.

Staff of the division have worked on a number of policy research and analysis projects including the evaluation of the potential of environmental scanning for the department and a review of the current agricultural legislation in the province. Papers were written on wind power and provincially inspected slaughterhouses on Prince Edward Island. A weekly scan of market information was developed for the deputy minister.

Research on new generation co-ops, nutraceutical and functional foods programs and policies in other jurisdictions, and a review of national and provincial agricultural development funding initiatives were conducted. A working group identified the critical issues and possible national policy options for next generation farmers. Staff facilitated workshops with the Island horse and racing industry members for their strategic planning sessions. Staff also participated in a federal provincial working group on the life sciences in agriculture and held a provincial consultation on the topic.

Enhanced Net Income Stabilization Account (ENISA) and Agricultural Disaster Insurance Program (ADIP) program evaluations were completed; the Agricultural Environmental Resource Conservation (AERC) program and Agriculture Industry Transition Program (AITP) evaluations were undertaken. Government's progress on the implementation of the Round Table recommendations was coordinated by the division during this period.

Staff continued with their participation in the Food Strategy in particular with the sustainability components and monitoring progress towards achievement of the goals of the strategy.

Research on policy options for increasing environmental sustainability of agriculture was carried out to support the work of an interdepartmental task team developing a Sustainable Resource Policy for the province.

Work continues on the monitoring of the corporate goals. Staff, client and public satisfaction surveys were conducted for the department's strategic planning initiatives. The division manages contracts for public opinion and client surveys, and analyses the results. The Monitoring Team conducted the 2000 Internal Client and Staff Surveys electronically with the assistance of the department's Information Technology staff.

Financial reporting and analysis of the primary resource sector is ongoing; quarterly federal-provincial farm income forecast consultations are held. The annual Agricultural Statistics Handbook for the province was produced in conjunction with Statistics Canada and is available to the public on the department's website. Prince Edward Island farm programs and government expenditures are reported for the compilation of the Farm Income and Financial Conditions Data Book prepared by Agriculture and Agri-food Canada.

Other

Staff from the division taught a course on Client Survey Techniques to the Prince Edward Island Branch of the Canadian Evaluation Society in Charlottetown.

In conjunction with Francophone Services, a French Language Services Plan was developed for the department to identify priorities.

Staff conducted an orientation session for new members of the Prince Edward Island Agricultural Insurance Appeal Board and held one judicial appeal of a Crop Insurance Corporation final decision.

Staff continue to advise and assist industry organizations and other provincial departments on strategic planning projects, in particular in development of staff and client satisfaction surveys.

Market and Industry Development Division

The concept of the Prince Edward Island Food Strategy was introduced in the Speech from the Throne in November 1998. This initiative resulted in greater emphasis being placed on the production and marketing of high-quality food products from sustainable systems. It will help ensure increased prosperity for those involved in the food sector and help to improve the vitality of Island communities.

Simultaneously, the department undertook studies to determine the needs and concerns of agricultural clients. Through a client satisfaction survey, a client needs assessment and a benchmark study, it was evident that there was a need to change the way in which the department was delivering services. A new model for delivering these services was developed at the same time that the division was established.

Since 1996, through delivery of the Agricultural Industry Transition Program, the department had assisted the agricultural industry conduct strategic plans. Various sectors and organizations have completed results-based strategic plans which address high priority issues. These plans serve to enhance industry development, applied research and development and market development.

As a result of planning for the implementation of the Food Strategy, adapting to the changing needs of our clients, and a desire to build on the successes of programs such as the Agricultural Industry Transition Program, and a renewed mandate for market development, the Market and Industry Development Division was created.

The goals of the Market and Industry Development Division include:

- Improving the quality of advice, assistance and information to clients in agriculture and forestry;
- Reducing the risk to the primary resource sector income in response to market influence;
- Improving public satisfaction in areas where the department has responsibility;
- Improving client satisfaction with division programs and services;
- Improving staff morale and performance; and
- Improving the impact of division programs on the quality of the environment and natural resources.

The resources of the division were directed toward measurable progress and achievement of these goals. The following is a description of the specific work units within the division along with their respective programs and activities.

Farm Extension Services

Farm Extension Services (FES) was established as a section under the Marketing and Industry Development division early in the year. Its primary focus is on-farm agricultural extension, agricultural information management, and an increased role in industry development. The section promotes a strong interaction

between its four staff groups: agriculture information officers/representatives; specialists; extension agrologists; and laboratory staff to provide a unified service to producers.

Twelve staff achieved Certified Crop Advisor status ensuring continued high quality and valuable service to clients.

The following provides highlights of the efforts of the four staff groups:

Agriculture Information Officers/Representatives

Agriculture Information Centres were established in each of the district offices, providing clients with a first point-of-contact for information on a wide variety of aspects of commercial agriculture. The staff ensured that telephone calls and walk-ins to the department were provided with professional and timely information. The six-member staff collaborated with other department staff to develop and implement an awareness strategy for Foot and Mouth Disease. Initiatives undertaken in the strategy included creation and distribution of 1500 reference cards to travel agencies and the public; posters; a television ad; direct contact with individuals travelling overseas; and presentations to tour groups travelling overseas.

The work group was the first to participate in a new Intern Program with an appointment of an Agriculture Information Officer for a two-year term. This unit also established a new, easy to remember toll-free number for producers (1-866-PEIFARM). The unit has also been involved in the development of the department's web site: *http://www.gov.pe.ca/af/agweb*

Industry Development Officers/Specialists

The unit consists of eight Industry Development Officers/ Specialists, two technical staff and a supervisor. The commodities include: potato; dairy; beef; reduced input/organic; vegetable; berry crop; field crops; and farm management. The traditional role of the Specialist/Development Officer was expanded to include a commodity development function. Staff work closely with their corresponding commodity association/board to initiate industry development projects or action items from strategic plans. The specialists were involved in development of new crops with food companies, conducted on-farm research and supported development of branded products. The unit has taken a lead role in developing diversification ideas which show potential on Prince Edward Island.

Extension Agrologists

Ten Extension Agrologists are located in five district offices and have an increased emphasis toward on-farm extension. Staff work with clients on a commodity basis, which permits the opportunity to expand and update knowledge in a few specific commodities based on their clients needs. A very successful extension program was held for producers over the past year, some hosted solely by department staff and others in cooperation with industry. Examples of some extension events held this year include; beef cow/calf nutrition seminars; rural stress workshops; a dairy management workshop; a cereal and protein day; a predator calling workshop; and an agricultural lenders seminar. Staff took a proactive role in the Environmental Farm Plan (EFP) process making presentations at workshops. The presentations emphasized assistance programs available to producers and the role extension staff can play in assisting producers to implement their EFP action plan.

Agriculture Information Officers Representatives

Industry Development Officers Specialists

Extension Agrologists

Soil and Feed Laboratory

Soil and Feed Laboratory

Over the past year the laboratory has been able to upgrade its instrumentation. The Inductively Coupled Argon Plasma Spectrometer (ICAP) and auto analyzers have been replaced. These upgrades will continue to allow the staff of the Soil and Feed Laboratory to deliver the highest quality of service possible to its clients.

The laboratory continues to be involved in sample exchange programs such as:

- National Forage Testing Association (NFTA) - forage samples
- North American Proficiency Testing Program (NAPT) - soil and plant tissue samples
- Association of American Feed Control Officials (AAFCO)

The laboratory continues to rank among the top laboratories in North America and over the past year has worked with the Standards Council of Canada in its laboratory accreditation process.

The laboratory itself processed more than 17,000 samples and generated revenue in excess of $120,000.

Industry Development Section

The Industry Development Section has a wide ranging mandate, which include federal-provincial agricultural policy and trade issues, administration of industry development programs, on-farm food safety, 4-H, Marketing Council, dairy lab, supply and non-supply managed commodity liaison, and technology innovation.

The Industry Development Section works in partnership with general agriculture and agri-food organizations, provincial commodity organizations and educational institutions in the development and implementation of industry-led strategies that address short and long term critical issues and create wealth for the agri-food sector in a sustainable fashion.

Highlights of the Industry Development Section include the following:

- Provided the lead role in the on-farm food safety component in support of the Prince Edward Island Food Strategy,
- Assisted the Prince Edward Island Harness Racing Industry Association in the development of a five-year strategic plan.
- Played the lead role in a public awareness campaign regarding Foot and Mouth Disease.
- Further developed the transfer of Community Pastures to local community groups.
- Involvement in the resolution of the fluid milk trade dispute with Nova Scotia.
- Developed a revised Bulk Milk Haulage policy for the Prince Edward Island dairy industry.
- The 4-H Section provided support to the eight hundred youth who participated in projects such as computers, crafts, environment, and livestock.
- The Dairy Section provided for the administration and enforcement of the Dairy Industry Act and Regulations.
- Assisted in planning and organizing the Atlantic Farm Mechanization Show.

- Provided staff assistance to Women's Institute, which represents nearly 2000 members on Prince Edward Island.

During the fiscal year 2000/2001, 318 dairy farm inspections were conducted, 71 re-inspections were carried out and 511 on-farm milk quality calls were made by Inspection staff.

In addition, 11 licensed milk processing plants were inspected with follow-up inspections conducted as required.

Market Development Section

The Market Development Section was initiated in October 1999 to begin work on the branding element of the Food Strategy announced in the November 1998 Throne Speech. Its primary function is to secure new market opportunities for premium products developed under the auspices of the Food Strategy and gain market access and distribution for those products which meet the criteria of quality food from sustainable production systems. An umbrella brand icon is being created in this regard to facilitate identification and communication of these principals.

The establishment of the Prince Edward Island Food Alliance as an instrument to deliver the Prince Edward Island food brand to the marketplace during the fall of 2000 was an important step in the progression of the Food Strategy. The Alliance is presently defining the standards under which proponents can earn the right to use the food brand label and will be initiating pilot projects as a first step towards the operation of the food brand.

The section is actively engaged in guidance and support of the Food Alliance and will be a resource to help its clients with strategic market development and branding issues.

The section will also become engaged in seeking distribution partners and supply chain issues in promoting the strategy at the retail and consumer level.

Other work is concentrated on networking with leading stakeholders and affiliates in promoting the concept of healthy food from a sustainable environment and participating in the development of an integrated Prince Edward Island brand equity.

Plant Health and Regulatory Services Division

One of the major departmental goals is the improvement in the quality of, and level of compliance with, the legislation for which the minister is responsible. The Plant Health and Regulatory Services Division has the mandate for the review, maintenance and enforcement of the majority of such acts and regulations. The division also has ongoing responsibility for plant health research as well as for the delivery of plant health services to producers.

Pesticide Regulatory Program

The Pesticide Regulatory Program has a major responsibility in ensuring that farm and commercial pesticide applicators have the necessary knowledge and skill levels to apply pesticides in accordance with the product label and the laws of the province. To support this mandate, over 600 unscheduled visits were carried out on private and/or commercial premises to check for compliance under the *Pesticides Control Act* and regulations In addition, compliance audits were conducted with the 42 companies/individuals who held valid commercial pesticide sales (vendor) licenses. To strengthen program enforcement, an official Pesticide Regulatory Program Enforcement Policy was developed and compliance patrol activity was extended to include early morning and evening hours.

Continued operation of the department's 1-800 Pesticide Regulatory Line facilitated the investigation of 78 pesticide-related inquiries and 82 public complaints during the year. Largely agricultural in focus, most complaints were related to 'off-target' spray drift, improper notification, or inadequate buffer zones.

Currently, more than 2,100 people have received pesticide applicator certification, including some 500 individuals who were re-certified in 2000. The numbers of licensed commercial applicators include: aerial (1), agricultural (1), structural (25), landscape (17), forestry herbicide (3), and other (biting fly, fumigation) (12). The number of permits issued for biting fly control increased substantially in 2000 to a total of 40. Alternatively, the number of aerial pesticide application permits issued decreased for the second consecutive year.

A process was initiated to assess the skills and corresponding training needs of on-farm pesticide applicators. To facilitate this process, a three day workshop was held late in the year with farm, industry, and department representatives.

Potato Quality Program

The major focus of Potato Quality Program is the enforcement of the provisions of the *Plant Health Act* and potato regulations. In addition to enforcement-related activities such as planting audits, transport vehicle disinfection and post-harvest virus testing, a number of programs aimed at potato disease prevention were carried out such as farm disinfection, disposal of cull potato piles and the issuance of permits to maintain quality standards for seed potatoes originating outside the province.

There were approximately 83,000 disinfection services provided for transport vehicles and farm related equipment; 880 inspection and audit activities in support of cull potato disposal and planting standards; 1,000 supervised sample collections for post-harvest virus tests; and 72 permits representing approximately 116,000 cwt of seed issued for the planting of potatoes that originated outside of the province.

No new cases of named potato diseases were detected, however, potato wart was discovered for the first time in the province and this disease was subsequently included as a named disease in the potato regulations. Staff of the division worked very closely with the Canadian Food Inspection Agency in a soil sample and analysis program aimed at verifying the limited extent of the potato wart infestation in the province. Staff also worked with the Prince Edward Island Potato Board in the implementation of two separate potato diversion programs aimed at removing surplus potatoes from the marketplace. These surpluses were created as a result of the prohibition of potato shipments which were imposed by the United States following the discovery of wart in the province.

Regulatory Services Program

In addition the responsibility for the *Pesticides Control Act* and the *Plant Health Act*, the Section has major responsibility for maintenance and enforcement of :

- Agricultural Products Standards Act
- Animal Health and Protection Act
- Apiary Inspection Act
- Dog Act (Contracted to Prince Edward Island Humane Society)
- Fences and Detention of Stray Animals Act

The Section also has administrative responsibly for an additional ten Acts where active enforcement programs are not currently in place. Department management has reviewed the twenty eight statutes for which the minister is responsible and a systematic process for review and update of these statutes and corresponding regulations was initiated and led by the section. In addition, work was initiated on the development of legislation to provide protection for companion animals.

Plant Health Research and Diagnostics Program

In addition to a major mandate in plant health research, the section is responsible for the provision of a plant disease diagnostic service, an aphid alert advisory service, a pest information service and telephone pest hotlines to serve the needs of agricultural producers on Prince Edward Island. A major focus of program activity is on the potato industry. The diagnostic laboratory completed 419 samples and the availability of laboratory services was extended into late December in response to producer requests. The aphid alert program was expanded to serve 60 producers and producer groups.

The section has a major responsibility in support of an inter-departmental workgroup whose task is the monitoring of soil quality within a systematic network established across the province. This program is on-going and continues to map the health of Island soils. A variety of research studies from this project have generated new information on sustainable crop production systems.

The benefits of longer rotations were examined and it was shown that potato tubers produced in three year rotations had fewer diseases and stored better than those produced in two year rotations. Similarly the benefits of conservation tillage systems over traditional plowing methods were shown to include healthier soil ecosystems which translated into more disease-resistant crops.

Concerns over the development of metalaxyl fungicide resistance in *Phytophthora erythroseptica* strains (causal agent of pink rot) have proven to be unfounded, based on the second year of a three year study. Research continued to seek a remedy for the common scab infestation in Island potato fields and soil

microbes with reconditioning properties were identified that are able to inhibit common scab development.

Natural Resources Division

The Natural Resources Division provides advice and assistance directed toward improving the environmental friendliness of farm and forestry operations. The division's primary clients are farmers and woodlot owners. Other clients include forest contractors, wood products manufacturers, and forest resource users.

Efforts focus on improving the environmental friendliness of farm operations such as intensive livestock operations, and the sustainable development of private woodlots and Provincial Forest lands. Support is also offered through programs such as the Agriculture and Environmental Resources Conservation program, the production of tree seedlings for reforestation programs on private and provincial forest lands, and special reforestation projects; and forest inventory and tree improvement programs. Forest fire suppression on private and public lands is also the responsibility of the Natural Resources Division.

Private Land

The department offers technical advice and financial assistance to woodlot owners who want to reforest and manage their forest lands through the Forest Renewal program. In 2000, some 2,600,000 seedlings were planted on private lands across the province.

Maintenance was completed on 648 ha of previously established private land plantations. As well, client uptake continued to be good for the new pruning and plantation cleaning incentives. Both of these treatments will help to improve the growth and quality of private land plantations.

Private land staff also continued to participate in a variety of forest education opportunities for Island woodlot owners and school students. In this fiscal year, staff participated in four tours and workshops organized by land owner groups. These events were designed to increase land owner awareness of forest management and reforestation techniques and how they could apply this information to their own land. Private Land program staff also provided several woodlot tours and participated in 25 presentations to school groups.

The appointed Forest Improvement Advisory Council (FIAC) presented government with its recommendations for Commercial Harvest Contractors' Code of Practice. Under this proposal, commercial harvest contractors would be required to be licenced, report all harvests, and include mandatory clauses in their standard contract. These standards would apply to private lands and provincial forests. Government responded by presenting FIAC's recommendations to the forest community for their information and input. To date, no decision has been made on whether to implement these recommendations.

Technical advise and assistance was provided to the Department of Fisheries, Aquaculture and Environment to assist woodlot owners and contractor clients with the implementation of the new forest buffer zone legislation.

Provincial Forests

Forest improvement work continued on the Island's provincial forest system. The Provincial Forest was proclaimed in August 2000 to enable the province to enhance the economic and operational efficiencies obtained with the management of large forest blocks while ensuring that these forests are managed to ensure long-term wood supply, recreation opportunities, training facilities, job creation, and other societal needs.

The Provincial Forest program coordinates the tree planting program for private and public lands in the three districts. In 2000, 284,100 tree seedlings were planted on 81 ha of the provincial forests. As well, 6.6 kilometres of new forest access roads were constructed, while 38.3 km of roads were maintained or upgraded.

Under the supervision of provincial forest staff, 101 workers from the Employment Development Agency (EDA) were employed to work on and improve these public forest lands. EDA staff completed 28.4 ha of manual plantation maintenance, thinned 23.9 hectares of softwood, cut 912 cords of wood, and pruned 13.8 hectares of plantation to improve sawlog quality.

An additional 45 ha of chemical plantation maintenance was conducted under tendered contract to the private sector, 83.2 ha of mature and over-mature timber were harvested and, along with harvested wood sales, brought in revenues of $244,000 in 2000. This revenue was reinvested into the management and care of provincial forest lands.

A logo was developed by Island artist P. John Burden to identify Provincial Forest properties. In 2000, Provincial Forest staff began to install identity signs on forest properties across the Island to inform Islanders about the location and management of this public resource, and to encourage Islanders to use these properties for outdoor recreation.

The first annual Forest Frolic was held on the New Harmony Demonstration Woodlot in October. Many participants came to walk the 4.5 kilometre or run the 13.2 km trails and enjoy the natural beauty of the Provincial Forests in fall.

A Firewood Cutter Safety course was offered to the public during the winter months of 2001. As well, the Eastern District sponsored a Chainsaw Maintenance and Small Engine Repair course for forest workers.

General Fire Situation and Statistics for 2000

The fire season opened with a fire on April 14, 2000 and by the end of fire season, 26 forest fires were reported on Prince Edward Island. In total, these fires burned approximately 28.4 ha.

The Island's 911 system was brought into place this spring and resulted in changes to the forest fire reporting system. The Fire Prevention Act and Regulations are being reviewed with respect to controlled burning.

Fire Equipment Development and Testing

Fire Prevention Activities

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Table 1. Interim Summary of Forest Fire Statistics for the 2000 Fire Season on Prince Edward Island

CAUSE	NUMBER OF FIRES	AREA BURNED (HECTARES)
Recreation	0	0
Resident	1	0.5
Forest Industry	4	3.25
Railroads	0	0
Other Industry	11	16.27
Incendiary	7	2.68
Miscellaneous	1	0.5
Lightning	0	0
Unknown	2	5.15
TOTAL	26	28.35

The automated system to collect and disseminate fire weather information (FWI) from the weather stations to media and blueberry growers on a seven day a week basis was successful and was continued this year. It was augmented by an answering service to provide FWI rating by telephone. Three fire weather zones were operated this year using the REMS fire weather software. The 911 system was brought into effect in late May, 2000 and this necessitated changes in the reporting system.

Central District staff used the review of bombardiers being used in firefighting in the Maritimes to develop specifications for a new unit to replace an antiquated but functional J-5 Bombardier being used at present.

The forest fire weather index components were calculated by the Department of Agriculture and Forestry this year from the base meteorological data at three sites using REMS software. It is programmed to automatically fax or E-mail the fire weather index code to cooperating agencies. The numerical rating for fine fuel moisture content, duff moisture code, drought code, initial spread index, buildup index, and the fire weather index was then conveyed to the district offices, headquarters, and cooperating agencies for posting. The wildfire danger rating was provided to the local radio stations, Meteo Media, ATV, and MITV, newspapers, and other departments through Island Information Services and posted to the government web site at http://www.gov.pe.ca/.

Enforcement training was also researched to address alternatives to fire permits and better enforcement.

The central district supervisor led the fire suppression planning for the National Boy Scout Jamboree to held in the province in 2001.

Training

Four candidates attended the Nova Scotia Intermediate Forest Fire Behaviour Course. One staff member attended the Neider Pump School in Fredericton, New Brunswick. The Basic Forest Fire Suppression Course was taught to volunteer firefighters at several locations. The Basic Forest Fire Suppression Course was taught to Renewable Resource Management Students at Holland College.

Prescribed Burning

Forestry prescribed-burns on the Island are limited to the burning of slash piles in cut over areas. Prescribed burning for agricultural crop development and golf course development was wide spread. Problems were again encountered this year with smoke from controlled burns.

Sustainable Agriculture

The Sustainable Agriculture Resources Section offers technical advice to farmers and landowners on soil conservation, integrated pest management, manure management and the weather service. This section is responsible for the Agriculture and Environmental Resource Conservation (AERC) program which provides technical and financial assistance in specific program areas: soil conservation (strip cropping, terracing, residue management), manure storage, livestock fencing and alternate watering systems, planting hedgerows, fuel and pesticide storage, milkhouse waste disposal and deadstock composting.

There was a dramatic increase in demand for assistance in the second year of the Agriculture and Environmental Resource Conservation program:

AERC PROGRAM	1999-2000		2000-2001	
	Completed Projects	Dollars Spent	Approved Projects	Dollars Committed
Manure	36	$824,520	70	$1,835,237
Soil Conservation	29	$145,300	63	$372,178
Hedgerows	6	$4,329	10	$8,359
Fencing and Watering	12	$45,540	34	$126,326
Storage/Structures	1	$1,001	18	$84,577
TOTALS	84	$1,020,690	195	$2,426,677

In 2000, work continued on the implementation of the recommendations of the 1999 Action Committee report on Agricultural Runoff Control. Integrated Pest Management or IPM pilot projects were conducted in cooperation with four commercial potato operations, and technical support was provided for the Commercial Apple Growers' project. Workshops on agricultural buffer zones were held in each district, and videos showing soil conservation practices were mailed to all row crop producers.

A new farm weather forecast service was launched, based on a successful pilot project. Five weather stations across Prince Edward Island are used to provide a site specific forecast in three hour increments. Subscribers receive the

forecast by fax or email at 5:00 am during the cropping season.

At the invitation of the Minister of Agriculture and Forestry, a group of people came together to develop an action plan for livestock fencing and watering. Representatives of federal and provincial government department, industry associations, and other non-government organizations are working to provide technical and financial support for farmers with the objective of eliminating livestock access to watercourses by 2003.

There is increased concern and awareness about manure management practices and nutrient management in general. People are more aware of the potential impact of agricultural practices on water quality. A review of the technical and policy options for addressing nutrient management was initiated. This section is involved with the environmental impact assessment process, and responds to public complaints about farming practices.

Sustainable Agriculture staff provided technical advice to support industry initiatives such as Environmental Farm Planning. They have made a key contribution to the Soil Quality Monitoring Project and cooperate in research projects in a variety of ways.